Adapt your business model to fit your external environment

To develop a successful business model, Better Buildings Neighborhood Program partners found it critical to have a strong understanding of the external environment within which they operated. This included who their customers were, who their competitors and partners were, what key policies governed their work, and what trends were likely to impact their ability to accomplish their goals and fulfill their mission. Understanding the external forces that affected their market allowed the organizations to better identify services that met customers' and partners' needs and develop a more robust business model. Many organizations adapted their business model to overcome challenges and leverage opportunities as local conditions and their understanding of how their business operated within the market evolved.

- When the **New Hampshire Better Buildings program** [1] began, there were numerous energy efficiency programs operating independently in the state (e.g., by multiple utilities), and only informal coordination among activities was occurring. Customers were often overwhelmed trying to determine which programs they qualified for, how to fill out all the required paperwork, and which contractors they were able to work with. The program quickly learned that their business model needed to be well-integrated with other energy efficiency programs in the state, in order to provide value to customers and contractors while enabling long term growth for the efficiency market.

In response, the program took a collaborative approach to their business model design and partnered with the utilities' rate-payer funded Home Performance with ENERGY STAR (HPwES) program. Combining programs leveraged the utility programs' existing queue of upgrade projects, procedure for assessments and upgrades, and database for collecting information about each project. A single program and process also made the most sense for residential customers, who were more likely to move forward with a project if they did not have multiple programs and processes to figure out. The utility companies benefitted from the partnership because the additional funds from Better Buildings allowed them to expand their program's reach. Combining efforts and utilizing each program's strengths led to consistent marketing and messaging, more efficient processes for contractors, one-stop shopping for customers, and a streamlined approach to financing.

- The **Neighbor to Neighbor Energy Challenge's** [2] (N2N) original program design used community-based social marketing (CBSM) to acquire and feed leads into the existing ratepayer funded Home Energy Solutions (HES) assessment program. N2N expected that contractors would convince customers to take advantage of rebate programs to complete home energy upgrades; however, over the first two years of the program, they saw many of the leads they generated stall after the assessments. N2N realized that they had limited influence over the contractor network with this approach and that the HES program design did not incent contractors and customers to complete upgrades. They shifted their business model and focused marketing and outreach resources on new strategies, such as direct lead acquisition, in order to acquire customers who were more likely to proceed straight to completing upgrades.

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